

111TH CONGRESS  
1ST SESSION

# H. R. 154

To amend the Internal Revenue Code to exclude certain amounts of severance payments from gross income.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 2009

Mr. McHUGH introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code to exclude certain amounts of severance payments from gross income.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Workers Severance  
5       Tax Reduction Act of 2009”.

6       **SEC. 2. EXCLUSION FROM INCOME OF SEVERANCE PAY-**  
7       **MENT AMOUNTS.**

8       (a) IN GENERAL.—Part III of subchapter B of chap-  
9       ter 1 of the Internal Revenue Code of 1986 (relating to

1 items specifically excluded from gross income) is amended  
 2 by inserting after section 139B the following new section:

3 **“SEC. 139C. SEVERANCE PAYMENTS.**

4       “(a) IN GENERAL.—In the case of an individual,  
 5 gross income shall not include any qualified severance pay-  
 6 ment.

7       “(b) LIMITATION.—The amount to which the exclu-  
 8 sion under subsection (a) applies shall not exceed \$40,000  
 9 with respect to each separation from employment de-  
 10 scribed in subsection (c)(1)(B).

11       “(c) QUALIFIED SEVERANCE PAYMENT.—For pur-  
 12 poses of this section—

13               “(1) IN GENERAL.—The term ‘qualified sever-  
 14 ance payment’ means any payment received by an  
 15 individual if—

16                       “(A) such payment was paid by such indi-  
 17 vidual’s employer on account of such individ-  
 18 ual’s separation from employment, and

19                       “(B) such separation was in connection  
 20 with a reduction in the work force of the em-  
 21 ployer.

22       “(2) LIMITATION.—Such term shall not include  
 23 any payment received by an individual if the aggre-  
 24 gate payments received with respect to the separa-  
 25 tion from employment exceed \$150,000.

1       “(d) TERMINATION.—This section shall not apply to  
2 any payment for a separation from employment occurring  
3 after December 31, 2010.”.

4       (b) CLERICAL AMENDMENT.—The table of sections  
5 for part III of subchapter B of chapter 1 of such Code  
6 is amended by inserting after the item relating to section  
7 139B the following new item:

“Sec. 139C. Severance payments.”.

8       (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to payments made for separations  
10 from employment occurring after December 31, 2007.

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